
Figure 3.1

```
In[1]:= thinn = AbsoluteThickness[.5];  
medum = AbsoluteThickness[1.];  
thick = AbsoluteThickness[1.5];  
black = GrayLevel[0];  
BGray = GrayLevel[0.3];  
WGray = GrayLevel[0.6];  
SetOptions[Plot, PlotStyle -> {{thinn, Black}, {thinn, Black}, {thinn, Black}},  
PlotPoints -> 40, ImageSize -> 360,  
FrameStyle -> medum, AxesStyle -> medum,  
BaseStyle -> {FontFamily -> "Helvetica", FontSlant -> Plain, FontSize -> 12}];  
SetOptions[ListPlot, AxesStyle -> medum, PlotStyle -> medum, ImageSize -> 384,  
BaseStyle -> {FontFamily -> "Helvetica", FontSlant -> "Plain", FontSize -> 12}];  
SetOptions[ParametricPlot, PlotStyle ->  
{ {thinn, Black}, {thinn, Black}, {thinn, Black} }, PlotPoints -> 40,  
FrameStyle -> medum, AxesStyle -> medum, PlotStyle -> medum,  
BaseStyle -> {FontFamily -> "Helvetica", FontSlant -> "Plain", FontSize -> 12}];  
SetOptions[Graphics, BaseStyle ->  
{FontFamily -> "Helvetica", FontSlant -> "Plain", FontSize -> 12}];
```

Plot

```

In[11]:= util = .1 Log[(i + 5) / 4];
i1 = 20.;
i2 = 50.;
del = 6.;
ilup = i1 + del;
i2dn = i2 - del;
u1 = util /. i -> i1;
ulup = util /. i -> ilup;
u2 = util /. i -> i2;
u2dn = util /. i -> i2dn;

fig31a = Plot[util, {i, 0, 60},
  AxesLabel -> {Income, Utility},
  PlotRange -> {{0, 60}, {0, .3}},
  Ticks -> {{i1, "Ia", 0}, {i2, "Ib", 0}},
  {{(u1 + ulup) / 2, "ΔUa", 0}, {(u2 + u2dn) / 2, "ΔUb", 0}}},
  ImageSize -> 360, AspectRatio -> 0.5];

fig31 = Show[fig31a,
  Graphics[Text["+ΔI", {i1 + 0.5 * del, .012}]],
  Graphics[Text["-ΔI", {i2 - 0.5 * del, .012}]],
  Graphics[Text["U(I)", {i2 + del, u2dn}]],
  Graphics[
    {Dashing[ {.015, .015}], thinn,
    Line[{{i1, 0}, {i1, u1}}],
    Line[{{ilup, 0}, {ilup, ulup}}],
    Line[{{i2dn, 0}, {i2dn, u2dn}}],
    Line[{{i2, 0}, {i2, u2}}],
    Line[{{0, u1}, {i1, u1}}],
    Line[{{0, ulup}, {ilup, ulup}}],
    Line[{{0, u2dn}, {i2dn, u2dn}}],
    Line[{{0, u2}, {i2, u2}}]}]]]

```

